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Amendments 1972**

Explanatory Notes
On a Bill Introduced
in the House of Commons
by
Honourable Ron Basford
Minister of State for Urban Affairs
June 12, 1972



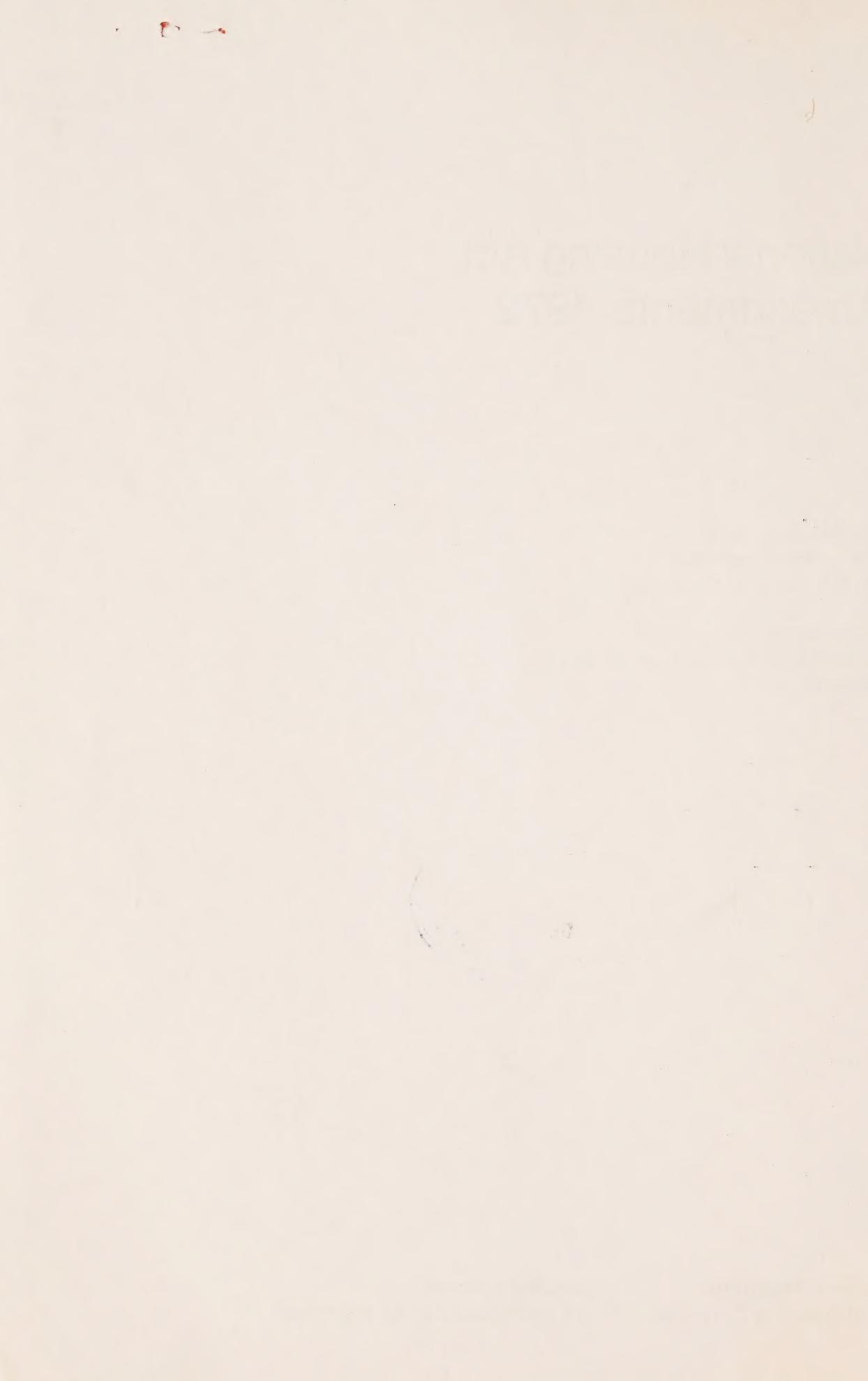
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THE 1972 NATIONAL HOUSING ACT

Explanatory Notes

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THE 1972 NATIONAL HOUSING

ACT

Introduction

Over the past several years, federal government policies in the field of housing and urban affairs have been undergoing searching evaluation in light of the changing needs of Canadian society, and the new knowledge and insights gained from a series of task group reports and studies.

At the general level, there has been a recognition of the impact of federal programs on many aspects of urban life, and the need to coordinate those programs so that the overall impact is positive and beneficial. The Ministry of State for Urban Affairs was formed for that express purpose.

In the fields of housing and urban improvement, a new and necessary emphasis has been placed on making more suitable housing available for people of low income - with particular emphasis on the needs of the elderly, and on discovering alternative approaches to the improvement of the older parts of our cities.

The 1972 National Housing Act represents the major thrust of federal government housing policies. It provides new approaches to urgent problems. And it demonstrates clearly the commitment of the federal government to develop a framework of national housing policies that are not only consistent with today's housing needs, but which move us more firmly in

the direction of the kind of urban future all Canadians want to see.

The 1972 National Housing Act contains new and important measures dealing directly with the specific housing needs of many different segments of the Canadian population. But it is also concerned, in an important way, with the need to ensure that urban improvement activities reinforce the goal of preserving a sense of community and neighbourhood identity in our cities, and conserving and rehabilitating existing housing.

The immediate and future influence of these proposals will be profound and far-reaching. New housing opportunities will be opened up for many thousands of Canadians. New tools will be available to shape the process of urban improvement and community development. And new avenues will be provided whereby the people most directly affected will have a voice and a role to play in that process.

The 1972 National Housing Act paves the way for a massive and concerted effort to maximize the opportunities we have in Canada to produce decent and enjoyable living accommodation, in a quality living environment for all our people. The provinces and their municipalities, of course, have a critical involvement in that effort. And in the development of the new proposals the views of other levels of government were sought to ensure that they were effective and would be utilized. That consultation

will continue as the regulations and administrative details of the various provisions are defined.

Ron Basford
Minister of State for Urban Affairs

THE 1972 NATIONAL HOUSING ACT

Summary Highlights

The 1972 National Housing Act proposes new programs, in addition to ongoing NHA programs, to provide more effective measures to deal with the housing needs of low-income Canadians and the elderly, and introduces new planning and housing research tools for governments.

The major new programs, estimated to cost \$457 million in a fully operational year, are as follows:

The Neighbourhood Improvement Program

Designed to facilitate community improvement activities and provide a system of federal government loans and grants covering a range of planning, land acquisition, and development activities for urban neighbourhood rehabilitation. Special provision is made for financing of social and recreation facilities, including day care and multi-use centres, and upgrading of municipal services.

The Residential Rehabilitation Assistance Program

Provides matching federal and provincial grants and federal loans, geared to income, for home owners and landlords, primarily in NIP project areas, for rehabilitation of substandard low-income housing. RRAP financing is generally available to non-profit housing corporations.

The Assisted Home Ownership Program

Provides federal low cost loans, geared to income and matching federal-provincial grants, to permit low-income families to become home-owners as an alternative to public housing.

Land Assembly Program

Provides new measures for provinces and municipalities for assembly of land for a wide range of uses associated with residential development. The measures will facilitate larger scale land banking for long-term planning and the development of new communities.

Housing Sponsored by Non-profit Corporations

Provides up to 100 per cent financing for senior citizen, family and other special purpose housing projects sponsored by non-profit housing corporations. Also provides for a 10 per cent capital grant from the federal government when matched by provincial grants.

Cooperative Housing Associations

New measures permit cooperatives to acquire existing housing and become eligible for all assisted home purchase and rehabilitation grants and loans, geared to the income of individual members.

Housing Research and Community Planning

Provides for CMHC to expand its involvement in experimental housing projects and to provide funds for development costs. Also makes "starter" funds available to individuals or groups planning low-income housing projects.

Background to the
New Programs

The National Housing Act has been the principal vehicle for federal government housing policy since its introduction in 1938. Successive amendments have broadened its scope to the point where its impact - through insured loan provisions and through direct federal administration and federal-provincial agreements - is felt in many aspects of the country's economic and social life.

Initially, NHA provided financing for home purchase to supplement activities of private lenders, and provided a limited assistance to local authorities.

In recent years, however, in response to new trends in housing and growing problems arising from the need to improve the housing available to lower-income Canadians, NHA has become increasingly concerned with the question of social housing.

Over the past several years, the federal government has taken a number of initiatives to attract new funds into the private mortgage sector, to ensure that the needs of the average home-buyer were fully met. Changes to the NHA insured loan provisions to make NHA mortgages a more attractive and competitive investment, and most recently, the introduction of new financial mechanisms through the Residential Mortgage Financing Act, were expressly designed to strengthen the ability of the average homebuyer to obtain adequate mortgage financing at a reasonable price.

To the extent that this can be done, government can direct its funding to the problems of those Canadians whose needs cannot be filled from the operation of the private market in housing.

While it can be said that the great majority of Canadians enjoy extremely high standards of accommodation, it is also true that a minority of Canadians live in circumstances that are unacceptable in a country capable of establishing decent housing standards for all sectors of the population.

Federal government housing policies must be directed toward achieving that goal.

In formulating housing policy, however, government is subject to a number of constraints and considerations.

First, it does not have access to limitless funds. An easy and rapid solution to housing problems would be to launch a massive building program to provide every Canadian with quality housing. Such a program, however, would cost enormous funds and could only be carried out by punitive and unacceptable tax levels. The housing dollar, therefore, must be spent with care and in the most effective way possible.

Second, in formulating policies that guide the production of housing, extreme care must be taken that the solutions to the problems of today do not become the problems of tomorrow.

Third, there can be no blanket solutions to the housing needs of those not served adequately by the free market. The needs of the elderly must be considered in much broader terms than simply the provision of low-cost housing and therefore must be met by programs distinct from those providing housing for other low-income sectors of the population.

Fourth, the social needs of Canada are not always served by grouping people of low income together in huge public housing projects and, in effect, accentuating differences in the social structure.

Fifth, new housing is not necessarily the only answer to the problems occasioned by sub-standard housing. Often, dilapidated housing can be rehabilitated at substantially less cost, and with greater benefits to the occupants and to our cities in general, than the alternative of tearing down the old and building replacement housing.

These are the broad considerations that underline the new programs proposed by the federal government. In total, the programs represent a major commitment on the part of government to confront the question of providing decent housing for low-income Canadians. Taken separately, each program contains new approaches that seek to harness other resources than simply government financing, or that will enable us to plan better for the future.

Many of the programs are designed to provide alternatives to the dependence solely on public housing. There is, and will continue to be, a need for subsidized public housing. Indeed, in many situations

public housing provides the best and most effective solution to low-income needs.

In other circumstances, however, other methods are more appropriate and mechanisms must be provided to ensure that those methods can be fully utilized.

In recent years, there has been a growing interest in the facility provided by cooperative housing associations and non-profit housing corporations, sponsored by community groups. Some important successes in the production of specialized housing for the elderly and accommodation for low-income families have been achieved. Government policy should support and encourage these initiatives, which can produce both economic and social benefits for the entire population.

Considerable potential also lies in "self-help" programs at the individual level. In the longer run, there are obvious advantages in providing modest assistance to low income families to enable them to bring dilapidated housing up to standards, or to take on responsibility for their own housing - and thus achieve a measure of independence - rather than require continuing reliance on public housing projects.

To the extent that such "self-help" programs advance the goal of establishing national standards of decent housing and do not, in net terms, discriminate against other sectors of the population, they present a viable and effective alternative to other techniques for meeting the housing problems of low income Canadians.

An important key in the complex and interrelated task of developing housing policies that will work into the future, is the means provided for longer term planning. It is not possible in physical or economic terms, to turn back the clock and undo the mistakes of the past. With the increasing scarcity of urban space and the pressures to utilize that space for commercial and industrial purposes, planning must be conducted today to ensure that land continues to be available in the inner cities for residential areas.

Policy, therefore, must provide assistance to the provinces and municipalities to enable them to assemble and set aside urban land for predominantly residential use and development. And they must also be provided with assistance in rehabilitating neighbourhoods, maintaining and improving them as complete and satisfying communities. Unchecked, the process of neighbourhood decay leads inevitably to gradual encroachment by industry and commercial development until the character of the area is transformed and the people displaced.

In important and far-reaching ways, the new programs proposed by the federal government through the 1972 National Housing Act are designed to reverse that trend.

PART II

THE 1972 NATIONAL HOUSING ACT

NEW HOUSING PROGRAMS

The Neighbourhood Improvement Program (NIP)

The Neighbourhood Improvement Program is designed to support the efforts of municipalities and local residents to improve and rehabilitate their residential areas.

In providing a new form of assistance for urban improvement projects, NIP is essentially a replacement for former federal urban renewal programs. There are, however, several essential differences:

- The emphasis in NIP is on improvement of existing neighbourhoods - encouraging activities aimed at improving neighbourhood amenities and the housing and living conditions of residents, rather than acquisition and clearance of urban space.
- Areas selected for rehabilitation will be predominantly residential, and inhabited for the most part by people of low and moderate income.
- Financial assistance will be made available for planning and implementation costs entailed in developing neighbourhood improvement projects. Improvement activities can be started while planning is in progress because no large scale clearance is involved.
- Provision is made in NIP for participation in the planning process by area residents.
- Federal financing will extend to social and recreational facilities, and to improvement of municipal services on a neighbourhood scale.

NIP will be operated through the provinces, which will select the municipalities to receive assistance. The funds available to each province will be determined on the basis of individual agreements with the federal government.

The financing formula proposed in the legislation is based on a series of grants and loans as follows:

The federal government will pay grants of 50 per cent of the net cost of:

- planning and other activities by the municipality in selecting improvement areas.
- participation by area residents in the planning process.
- acquisition and clearance of land for community open space or community facilities.
- acquisition of land for medium low-density, low-income housing.
- constructing or improving neighbourhood recreation and social facilities, including day-care and drop-in centres, parks and multi-service centres.

Federal grants will also be available covering 25 per cent of the net cost of:

- acquisition of land on a spot basis containing sub-standard housing, or being used for purposes not consistent with the character of the area.
- improvement of municipal services on a neighbourhood scale, such as streets, sewers, sidewalks, public utilities, street lighting and street furniture.

In addition to the grants, federal loans and advances will be available to reduce the need for immediate municipal financing. These loans will be up to 75% of the eligible costs to the municipality. Federal financing will therefore range from 81.25 to 87.5 per cent of the costs of neighbourhood improvements, depending on the applicable grant level.

Special assistance in the form of grants and loans is provided for low and moderate income homeowners and rental property-owners in NIP areas to bring existing housing up to acceptable standards. This assistance is contained in the Residential Rehabilitation Assistance Program (Page 15).

The major thrust of the NIP Program is to direct a whole range of urban improvement programs into activities designed to conserve existing housing and encourage the maintenance of residential communities in the inner cities.

In some instances in the past, urban renewal has involved demolition of entire neighbourhoods, often including housing stock capable of renovation and restoration. Elderly people and low-income families, who generally live in these areas, have sometimes been displaced because replacement housing was inappropriate to their needs or beyond their financial means.

NIP is designed to answer many of these undesirable by-products of the "bulldozer" approach to urban renewal. This will be accomplished through the policy emphasis on rehabilitating as much as possible of the existing housing stock, the requirement that the focus of NIP projects be on low and moderate income areas, and a stipulation that residents displaced by NIP projects be given priority of access to new accommodation constructed in the area under public auspices.

The anticipated cost of NIP when fully operational will be in the order of \$80 million per year in grants and loans. This will be additional to financing under other sections of NHA for new replacement housing, and grants and loans for rehabilitation associated with NIP projects.

Residential Rehabilitation Assistance Program (RRAP)

The Residential Rehabilitation Assistance Program is aimed at restoring sub-standard existing housing to acceptable standards and, thus, reducing the need for production of new replacement housing and the disruption of existing social patterns.

Substandard housing is generally to be found in the inner areas of cities and occupied by the elderly or people of low income. Public housing, or other publicly financed or subsidized accommodation, is usually required to replace this core housing, often at much greater expense than the cost of rehabilitating existing housing.

At present, there are no appropriate provisions in the National Housing Act whereby assistance can be provided for the rehabilitation of inner-city low income housing.

The RRAP provides for a system of matching federal/provincial grants and federal loans, conditional on being utilized for bringing the property up to a minimum level of safe and healthy living conditions. The financing will cover the property's structure and such elements as wiring, heating and plumbing, with improvements required to meet municipal or provincial standards.

The federal government will provide a grant of up to \$2,000, matched equally by the province or municipality, making a total maximum grant of \$4,000 or the cost of improvements, whichever is the lower. These grants will be on a sliding scale based on the income of the occupant. Supplemental

financing in the form of repayable loans may be made available at beneficial interest rates for improvements costing more than the matching grants.

Under RRAP the total of grants and loans cannot exceed \$4,000 for each unit but additional financing may be provided under other NHA programs.

Grants and loans will be available to all low and moderate income homeowners and rental property owners in Neighbourhood Improvement Program areas. Outside these areas, RRAP financing will be limited to non-profit housing groups providing rental housing to low income families, except where separate federal-provincial agreements exist. These special arrangements would relate to native housing and federal-provincial activity in rural areas.

RRAP grants will not be given outright. In the case of owner-occupants, the grants will be considered as loans, to be forgiven at the rate of \$500 per year. The loans may be secured by a lien on the property and will become repayable on a pro rata basis if the property ceases to be occupied or is not maintained to the required standards.

Landlords who wish to participate in RRAP financing will be required to enter into a rent control agreement for a period of 15 years and to demonstrate that the benefits of the grants flow through to the tenants.

Cost of the Residential Rehabilitation Assistance Program in a fully operational year is anticipated to be in the order of \$4 million in loans and \$2 million in grants.

Assisted Home
Ownership Program (AHOP)

For the past two years the federal government has conducted pilot programs in assisted home ownership by extending amortization periods to a maximum of 40 years, and by provision of a beneficial interest rate - currently set at 7-5/8 per cent. Approximately 10,000 families - many of whom would otherwise require continuing accommodation in subsidized public housing - have been given access to home ownership, with consequent savings to the public.

The 1972 National Housing Act broadens the coverage of the existing provisions and extends home-ownership assistance to a wider number of low-income Canadians.

In addition to the long amortization period and beneficial interest rates, the AHOP provides for federal assistance in the form of grants to match grants offered by the province. These grants are geared to income and are designed to provide moderate assistance in lowering monthly payments to a level within the reach of more people. Provision is made for a periodic review of income and for recovery of the grants from any capital gains at the time of resale of the property.

The broad objectives of the Assisted Home Ownership Program can be stated as:

- To provide a wider range of choice to low-income families in the kind of housing available to them.
- To avoid the concentration of low-income families in large public housing projects.

At the present time, 25,000 new public housing units are required each year, with heavy subsidies to ensure that those in the greatest need have access to them. The subsidy cost in the present fiscal year will be in the order of \$30 million, and at the current rate of production will rise to \$75 million by 1975. A substantial part of this subsidy, however, is taken up by such operating costs as maintenance and management, much of which can be eliminated when the homeowner is responsible for maintenance and operating costs. Studies have shown that the cost on an individual basis is considerably less by providing subsidies at the level proposed, than the cost of providing public housing accommodation.

The financing provided under AHOP is estimated to be in the order of \$155 million per year in recoverable loans and grants.

It is anticipated, therefore, that the Assisted Home Ownership Program will introduce a much greater flexibility in dealing with the question of social housing, providing an addition and an alternative to public housing for low-income families, with resultant economic and social benefits.

Non-Profit Housing Corporations

Housing sponsored by non-profit corporations has increased considerably in recent years, particularly in providing accommodation for the elderly and other forms of special purpose housing. In practice, non-profit housing corporations are formed by church and social groups, service clubs and community organizations, to sponsor specific housing projects.

At present, assistance is available to non-profit corporations in the form of low interest, long-term loans for up to 95 per cent of the lending value of the project.

Increases in the cost of land and construction have created difficulties for some project sponsors, both in raising the equity needed and in keeping costs down to a point where rents are within the reach of those for whom the projects are designed.

Non-profit housing corporations have been a successful and effective means of providing quality and needed accommodation. To encourage their formation and to help overcome their cost difficulties, the federal government proposes to broaden the assistance available as follows:-

- Financing for up to 100 per cent of the project cost will be offered to private non-profit housing corporations.
- Federal capital grants of up to 10 per cent of the project cost will be made to match equal grants from the provinces.
- Starter funds, to finance planning and development of project proposals, and to undertake training of project management, will be provided under the Housing Research and Community Planning Program. (See page 25)

- Non-profit corporations will be given access to rehabilitation funds, for the purchase and renovation of older buildings for housing projects.

Financing in the order of \$357 million has been made available to non-profit housing corporations since the program was introduced in 1964. Close to 50,000 housing units have been produced.

There is a growing interest on the part of many community groups to become involved in sponsoring special purpose housing projects. The new proposals are expected to provide needed financial support and encourage broader activities by the non-profit corporations. Provision is also made for provincial or municipally - sponsored non-profit housing corporations under the grant and loan arrangement.

In a fully operational year it is estimated loans will amount to \$29 million and grants to \$13 million.

Cooperative Housing
Associations

Cooperative housing associations - particularly in western Canada and the Atlantic Provinces - have provided a valuable form of "self-help" program to resolve specific housing problems. Typically, a cooperative is formed by residents of an area or community to build housing for their own occupancy.

The federal government has worked closely with residents in many areas in setting up cooperative housing associations. And because they have generally a high level of success in producing housing fully compatible with the particular needs of the members - and at the same time reducing the need for other forms of social housing - strong encouragement and financial support has been provided.

The new proposals broaden that support and open up new avenues for cooperative activities.

An important new provision for cooperatives in urban areas provides loans for the acquisition of existing housing - removing the previous requirement that projects be built by the cooperative. Cooperatives will now be able to buy existing buildings and, where required, convert them to the needs of their members.

Alternatively, the cooperative may obtain financing to acquire a number of houses, perhaps in different locations, which will be considered part of a cooperative housing project. The provisions of NHA will be extended to cover improvements to properties held by a cooperative.

Loans and grants under the Residential Rehabilitation Assistance Program will apply to cooperatives, entitling them to the same benefits as other owners in respect of each housing unit in a cooperative project.

Cooperatives will also be eligible under the Assisted Home Ownership Program. This will enable cooperatives to acquire or build houses for their members, with each member qualifying for assistance according to his income on the same basis as individual applicants.

A further assistance to cooperatives is provided through the "Starter" funds available through the Housing Research Community Planning Program.

Land Assembly Programs

Under the National Housing Act, the federal government provides assistance for land assembly programs for housing purposes through joint projects with the provinces and through low cost loans.

With the cost of land, particularly in urban areas, a major and growing factor in the overall cost of housing, government development of serviced land for housing - limiting the excess profits that often occur from land held privately for speculative reasons - is a matter of high priority.

The proposals contained in the 1972 National Housing Act are designed to strengthen and continue public activity in land assembly for housing and related uses. They are framed to provide a basis for longer term provincial and municipal planning, and to enable land assembly programs to become an instrument for new community development.

The following provisions are contained in the new program:

- Existing programs are extended and established as continuing programs.
- The type of land and intended usage eligible for federal assembly assistance will be broadened to include non-residential land which must be controlled in the interest of community planning, and land to be redeveloped for purposes related to housing.
- Federal loans for land assembly can be secured by debentures as well as mortgages, to facilitate administration of land assembly projects.

- Longer term land banking is facilitated through loan periods up to 25 years and the requirement that no principal repayment need be made until the land is finally disposed of.

The principal purpose of the proposals is to provide serviced land for housing and related purposes. It is not intended, therefore, that the Land Assembly Program will be available for the acquisition of land for public, commercial or industrial use, except where it forms an integral part of a residential community.

Where redevelopment requires demolition of existing homes occupied by low-income families, the program requires provision to be made for additional equivalent accommodation so that low-income housing stock is not depleted.

Housing Research And Community Planning

Under Part V of the National Housing Act, CMHC has conducted a broad range of research and development projects on its own behalf, and has provided funding for outside research projects into urban, housing and related subjects. Both have contributed importantly to the knowledge of the housing situation in Canada, and to the formulation of housing policy.

The new proposals are designed to add further dimensions to these ongoing research activities.

First, CMHC will be authorized to promote new approaches to housing problems by becoming actively involved in projects of an experimental nature. This will permit CMHC to provide financing for high-risk experimental projects, and to underwrite development costs of project sponsors. Under the new provisions, it will be possible to fund projects on the basis of their potential to advance housing technology, even though, in a specific case, a project may not necessarily be economically viable.

Second, funding will be provided to enable low-income groups, such as Métis and non-status Indians, to participate more actively in the solution of their particular housing problems. In recent years, important progress has been made in involving these groups in "self-help" programs of cooperative housing and similar projects. The greatest

difficulties, however, are found in getting these projects off the ground - gaining a community consensus on what needs to be done, and carrying planning and other work through to implementation. Often, this process founders through lack of professional guidance or the inability of a particular group to finance the necessary planning.

Under the new community planning provisions, low-income groups can be provided with "starter" funding, removing one of the major deterrents to "self-help" and non-profit group activity in developing proposals for new housing projects.

Funds may also be provided to develop the managerial and administrative skills necessary for successful operation of completed projects.

PART III

THE NATIONAL HOUSING ACT

IN SUMMARY

THE NATIONAL HOUSING ACT

The National Housing Act has been reviewed by successive governments since its introduction but over the past several years, in response to the growing housing needs in Canada, both the scale and scope of activities under NHA have been considerably increased and broadened. Capital spending by Central Mortgage and Housing Corporation has been running at close to 1 billion dollars in each of the past four years, compared to an average of \$612 million in the previous four years. Financing for social housing, programs to meet the needs of the elderly, student housing, financing for sewage treatment projects and programs aimed at encouraging greater innovation to reduce the cost of housing, have been greatly expanded and heavily funded.

The following is a summary of the major housing programs provided for in the National Housing Act in addition to the new programs discussed in Part II.

a) Senior Citizens' Housing

Housing for the elderly is provided for in three ways under NHA:

- Through financing for projects constructed by non-profit corporations sponsored by such organizations as churches, service clubs and other community associations. CMHC provides low-cost loans to cover 95% of the cost of these projects, including the cost of specialized care facilities and amenities needed by the elderly.

- Through direct CMHC loans to the provinces, municipalities or public housing agencies sponsoring senior citizen accommodation. Low-cost loans for this purpose are available for terms up to 50 years, with federal subsidies for up to 50% of operating losses. Loans cover recreational and social facilities. A requirement of this federal financing is that rents be geared to income.
- Through joint federal-provincial projects. The federal government contributes 75% of the capital cost of accommodation for senior citizens undertaken jointly with a provincial government. Rents are geared to income and the federal government provides subsidies for 75% of the operating cost.

Federal government financing under NHA for senior citizen housing through these three methods has amounted to approximately \$405 million since 1968.

b) Low-Income Housing

Social housing programs designed to provide low-cost or subsidized accommodation for families of low-income are provided in much the same way as housing for the elderly - that is, through non-profit corporations, direct loans to individuals and other governments, or joint federal-provincial projects. In all government-owned low-income housing projects, rents are geared to income, with federal subsidies to cover operating costs.

Low-income programs have been given special emphasis in recent years and a total of \$2.1 billion has been provided for this purpose since 1965, compared to a total of \$695 million in the whole of the previous decade.

c) Insured Loan Program

Under NHA, CMHC provides a system of insurance whereby repayment is guaranteed on mortgage loans made by approved lenders. NHA loan insurance is available for long-term loans of up to 95% of the approved value for private dwellings and 90% for a variety of rental accommodation. Mortgage terms of up to 40 years are available, with an option for a renegotiated interest rate after 5 years.

NHA insured loans under the approved lender program totalled \$1.6 billion in 1971, an increase of 97% over the previous year.

d) Loans for Sewage Treatment Projects

Since 1960, the federal government has provided financing for provinces and municipalities to build or expand sewage treatment facilities. The financing is by way of loans covering 66% of the cost, repayable over 50 years.

An important component of the program is the "forgiveness" feature attached to the loans which, in effect, provides a significant federal capital grant for projects completed by March 31, 1975. On completion before that date, 25 per cent of both the principal of the loan and the accrued interest is forgiven and considered a federal contribution to the project.

During 1971, loans totalling \$113.7 million were approved, representing potential federal grants for sewage treatment projects in the order of \$30 million. More than \$500 million has been approved under the sewage treatment program.

e) NATIVE HOUSING

In recent years substantial progress has been made in involving native people in the development of their housing program. Native housing programs have been developed in five ways under the National Housing Act:

- loans for new home owner housing for natives on reserves which are guaranteed by the Department of Indian Affairs and Northern Development
- off reserve native housing programs for new and existing homeowner housing. The Department of Indian Affairs and Northern Development may provide second mortgages with repayment forgiveable over a period of ten years.
- loans to non-profit corporations acquiring or building rental housing for native families.
- in the provinces of Saskatchewan and Manitoba, a program to provide subsidized home ownership to native low income families in the northern or remote areas of the province
- under the public housing provisions in the NHA housing units can be acquired for rent to families of native ancestry, with joint federal-provincial ownership and subsidy.

Funding to assist native organizations in the development and implementation of their housing programs has increased considerably in recent years with a total of \$850,000 in grants authorized in 1971.

f) STUDENT HOUSING

With increased enrolment in educational institutions across Canada, CMHC provides long-term loans to provinces, municipalities, school boards, universities, cooperative associations or non-profit corporations to assist in the acquisition, construction or improvement of existing residences for single or married students. In 1971 loans totalling \$10.7 million were made for student housing.

g) DIRECT LENDING PROGRAM FOR NEW HOMES

Direct loans for the purchase or construction of new homes are available under the NHA usually in areas not serviced by approved lenders such as small towns, rural areas and remote parts of Canada.

In special circumstances CMHC will accept applications from individuals who have been refused by two approved lenders for a mortgage loan. Direct lending represented 22 per cent of the total lending activity for CMHC in 1971.

h) THE INNOVATIVE PROGRAM

To encourage the production of low-cost housing, a \$200 million innovative housing program was announced under the NHA for all levels of government, private individuals and industry to develop imaginative and innovative initiatives in housing designed to reach well down into the income scale. In 1971 the assisted home ownership program was the continuation of this initiative to assist people of low income to purchase a home. This program provided \$101 million in loans across Canada. To encourage continued progress in this area the Project Initiative and Development Group was formed within CMHC to formalize the process of implementing innovative housing ideas for low-income individuals. This group will continue to remain active through 1972.

